

ANNUAL REPORT

• 2003 •

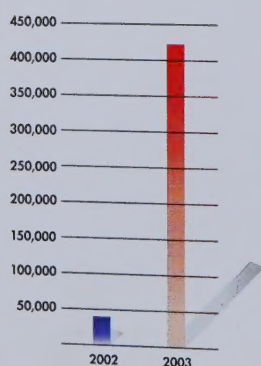
MISSION STATEMENT

**"RIFCO'S GOAL IS TO BECOME THE PRIMARY
PROVIDER OF SPECIALTY FINANCE PLANS
FOR THE AUTOMOTIVE AFTERMARKET"**

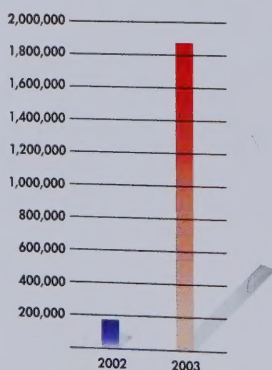
Operating & Financial Highlights

- Private Placement \$1M Convertible Debenture
- Launch of Vehicle Purchase Financing Program
- Geographic expansion of operations into British Columbia
- Completed merger with Vista Investments Inc.
- Achieved listing on TSX Venture Exchange "RFC"
- Secured a new credit facility of \$1.25M from a Major Canadian Chartered Bank to finance loan receivables growth
- Processed over 1,400 loan applications, up from 71 the previous year
- Grew loan originations to \$1,836,111, up by 1,814% over the previous year
- Increased total receivables to \$1,471,173 from \$79,037 in 2002
- Maintained losses at an annualized charge off rate of 1.47%
- Grew revenue to \$408,460 up by 3,619% from the previous year

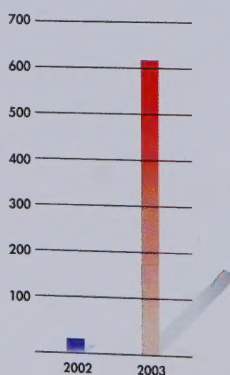
Revenue (\$)



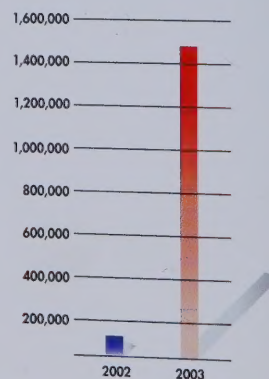
Loan Originations (\$)



Locations



Loan Receivables (\$)



Company Profile

RIFCO INC. (TSXV: RFC) operates through its wholly owned subsidiary Repair Industry Finance Corporation. RIFCO is a specialty consumer finance corporation with a focus on the automotive aftermarket industry.

RIFCO provides Automotive Repair Financing and Vehicle Purchase Financing ("Convenient Payment Plan") to mid-market motorists through a growing network of licensed repair facilities and select used vehicle retailers. Revenue is derived from interest charged on loans as well as fees earned at loan origination.

RIFCO's customers benefit by being able to convert major repair or purchase costs into affordable monthly payments.

Repair facilities & vehicle retailers benefit by being able to offer customers a means of financing repairs and/or used vehicle purchases, enabling those facilities to compete effectively to increase sales and profits.

RIFCO is committed to growth. Key strategies for achieving this growth include the expansion of its network, ever - increasing leverage of this network, excellence in credit and collections processes, and exceptional service to its network members and its customers.

President's Message

Building the Company

Repair Industry Finance Corporation began operations in 2002 as a private Alberta incorporated Company.

In 2003, we made significant progress as we focused on the automotive aftermarket. For the fiscal year ended March 31, 2003, revenues reached \$408,460. In fiscal 2003, RIFCO increased its enrolled base of repairers to over 600, processed over 1,400 loan applications, while lending over \$1.8M. In the past year, RIFCO has grown from 2 to 8 full time employees.

In addition, Repair Industry Finance Corporation went public by way of a reverse takeover of Vista Investments Inc., a "Capital Pool Corporation". The resulting Company's name was subsequently changed to RIFCO INC. and its common shares now trade on the facilities of the TSX Venture Exchange under the symbol "RFC".

RIFCO secured a margined line of credit with a major Canadian chartered bank. This line (of up to \$1.25M) along with the listing on TSX Exchange, mark two important milestones toward ensuring consistent and cost effective access to capital.

Building the Network

At RIFCO, we have always considered the individual repairers and dealers that comprise our loan origination network among our most valuable assets. In fact, we are committed to our network of Valued Repairers/Dealers and continue to invest significant resources to ensure they are successful in taking advantage of RIFCO's Convenient Payment Plan.

Specialty consumer financing for the automotive aftermarket has been offered in a sporadic, regional, and inconsistent manner. RIFCO now has an opportunity to consolidate the financing needs of the industry with our Convenient Payment Plan that "is as easy as 1...2...3!"

RIFCO maintains membership in automotive aftermarket industry trade organizations, and positions itself as a member of that industry.

Valued Repairers/Dealers are largely independent businesses, but include members of well known national chains and banner programs (AUTOPRO, PETRO-CAN CERTIGARD, MIDAS, CARSTAR, BOYD COLLISION, AAMCO, and NATIONAL TRANSMISSION). We are pleased to say that these businesses typically share many of the same values as RIFCO; those of hard work, professionalism, fairness and are built on a foundation of customer service.

RIFCO provides point of sale promotional material designed to aid each repairer/dealer in converting the cost of major automotive repairs or vehicle purchases into a convenient monthly payment.

Valued Repairers/Dealers submit a credit application (via fax) for processing and analysis. A credit decision is typically communicated back to the repairer/dealer in about one hour.

Loan Documentation is prepared by RIFCO and also transmitted via fax for signature by the customer. Upon faxed receipt of executed loan documents, RIFCO typically issues payment direct to the repairer/dealer within 24 hours.

Ongoing communication with members of RIFCO's repairer/dealer network occurs through regular phone, fax and mail communication from the RIFCO office. In addition, Regional Managers fulfill specific roles of promotion, training, & motivation with existing repairer/dealers and fill the role of expanding our network through ongoing new enrolments.

We are pleased to say that in 2003, RIFCO fulfilled goals of geographic expansion into British Columbia and increased the size of the Network to over 600 points of loan origination.

We are not, however, satisfied with existing repairer loan originations. Utilization of the Convenient Payment Plan by Valued Repairers (per location) can be improved. RIFCO continues to listen, understand, and respond to the needs of the independent repairer and is optimistic that continued sales, promotion, and training will result in increased usage.

Loan origination by Valued Dealers exceeded expectations in the past year.

Building Customer Relationships

RIFCO maintains a focus on lending to mid-market customers. Our typical customer is of 'average' credit worthiness, falling neither into 'prime' nor 'sub-prime' credit categories. RIFCO's customers continue to meet requirements of residence and employment stability, credit history, and income.

Individuals are encouraged to apply for financing by Valued Repairers/Dealers at the point of sale.

In 2003, RIFCO received over 1,400 applications for credit, of which 707 became repair or purchase finance customers.

Approved applicants enter into a loan agreement with monthly instalment repayment terms of 12 to 48 months.

Every new customer receives a "Welcome Letter" to introduce RIFCO and to confirm loan terms.

Loan payments to RIFCO are remitted via electronic funds transfer.

RIFCO maintains "Privacy Protection Principles" in handling all customer information, which may be reviewed at www.rifco.net.

Customer payments are expected to be remitted in a timely manner. When a customer account falls into delinquency, internal collection and recovery efforts are employed to have the account brought up to date. All legal means, including asset recovery, are employed to recover overdue accounts.

RIFCO reports all loan statuses to the credit bureau, with many of our customers using RIFCO as a means to establish or re-establish a positive credit history. An increasing number of customers have successfully repaid loans and have re-applied for subsequent financing.

Building the Portfolio

RIFCO continues to build its largest tangible asset, the loan receivables portfolio.

At the end of 2003, RIFCO had 628 instalment loan accounts totalling over \$1.4M in loan receivables.

These loans bear an interest rate of 27.8% and are secured by a vehicle that has been pledged as collateral.

Loans have been granted in the provinces of Alberta and British Columbia, and follow the geographic expansion of our repairer/dealer network.

Our commitment to quality loans and diligent collections has been maintained during this growth phase. We are pleased with the credit performance of the portfolio; customer delinquencies and loan losses are significantly less than projected.

RIFCO has an allowance for bad debts provision of 5.0% but expects to maintain an actual rate of 3.5%.

In order to ensure the continuing integrity of the reported portfolio, RIFCO maintains a stringent write off policy in addition to our allowance for bad debts.

Building the Team

I must, as President, take this opportunity to express my heartfelt thanks to our hardworking team members. From the very beginning I realized the goals and inevitable challenges of being a groundbreaking Company would require capable and motivated people. These people would have to be willing to share RIFCO's vision & values, and be focused on excellence.

I am proud of what our people have accomplished so far and I wish to say THANK YOU to all RIFCO employees for their contribution.

In addition, I would like to acknowledge the executive team members. These individuals have been a valuable source of strength, wisdom, passion, and integrity during the past year.

As RIFCO continues down our road to success there will be numerous joys to celebrate and challenges to overcome. You, the shareholders, will become more and more aware of just how powerful 'TEAM RIFCO' will become in building a Company that will make you proud.

Building Operational Improvement

At RIFCO, continuous improvement is an expectation. The changes required to achieve this improvement are at times uncomfortable, but nonetheless, an attitude of improvement is part of our culture. To this end, in 2003:

- The number of full time representatives representing RIFCO in the field doubled.
- Volume based price reductions with suppliers allowed 'per site' point of sale material costs to be reduced by 50% with no reduction in quality or quantity of items provided.
- We have streamlined the loan application process reducing the number of documents required to apply for a loan by 50%.
- Loan processing capability was increased.
- RIFCO created a document generation system that resulted in a significant reduction in paperwork for Valued Repairers/Dealers.
- Credit analysis processes were streamlined and refined.
- In 2003, RIFCO became a member of Western Union's Quick Collect system allowing our customers to make a loan payment at any of 45,000 agent locations in North America.
- Collection and asset recovery processes were streamlined and loan losses were held to an average 1.47% annualized charge off.

In addition, countless incremental improvements continue to make RIFCO a more efficient Company. We want to be the best we can be for our Valued Repairers/Dealers and for our customers.

It is our responsibility to ensure our employees and our Valued Repairers/Dealers have the resources to flourish. To this end, RIFCO continues to explore technology, systems, and partnerships.

Building Profitability

RIFCO is firmly committed to profitability. I understand that every shareholder looks forward to our achievement of 'break even' and subsequent earnings.

In 2003, the Company's first full year of operations, RIFCO is reporting a loss. This was expected and is lower than anticipated.

The operational deficit of RIFCO is a wise investment in the Company's future and will soon begin to show a return.

Considerable time, effort, and resources were expended in building the Company's operational foundation and its distribution network. These efforts have had insufficient time to be reflected in the current year's financial results:

- The onerous tasks of securing a senior debt line and becoming a publicly listed Company provide continued access to lower cost of funds—required for the Company's growth.
- Investment in the RIFCO brand is beginning to yield positive results as repairers/dealers and customers alike begin to seek out our 'Convenient Payment Plan'.
- The 'front loaded' costs required to establish a loan origination network are producing an increasing number of loans 'month after month'.
- Back office systems have been developed refined, and are scalable with only incremental expenses.

These critical accomplishments have us well positioned for strong performance in upcoming years.

I would like to assure you that profit is the objective! RIFCO will continue to grow, with our eyes firmly on this goal in the near future.

Building Shareholder Value

We understand that shareholders are the owners of the Company. They deserve to be treated as such. RIFCO's philosophy regarding Shareholder Value has 6 parts:

- **Transparency**—Shareholders have the right to clearly understand the financial position of the Company, its progress to date, and the strategic plan for the future. To these ends, RIFCO will strive for plain language, common sense, and appropriate detail in shareholder communications. RIFCO believes there can be no governance without transparency.
- **Earnings Growth**—Shareholders expect long term, sustainable growth. To these ends, RIFCO will plan or operate on reasonable business planning timeframes and will not make decisions that sacrifice the long term health of the Company in order to meet short term expectations. RIFCO will demonstrate the validity of its business model as operations are scaled up.
- **Dilution**—Shareholders expect that additional shares of the Company be issued only as needed to appropriately finance the growth of the Company. To this end, RIFCO will not indiscriminately offer shares below reasonable price levels. It is intended that senior and subordinated debt will be obtained unless an equity offering is in the best interest of current shareholders.
- **Investment**—Shareholders expect their capital to be invested wisely and for RIFCO's management to work hard to create a sound and profitable business for their benefit. To this end, RIFCO will expand at a rate where credit quality is preserved, margins are maintained, and expenses are managed. RIFCO is committed to "lend it... don't spend it".
- **Humility**—Shareholders expect performance and consistency. To this end, RIFCO will implement its business model with knowledge that economic situations change, and business cycles are not static. In short, RIFCO operates knowing there will be "ups and downs".
- **Share Price**—Shareholders expect reasonable share price appreciation in the value of the Company's stock. To this end, RIFCO will continue to seek appropriate opportunities to share our Company's exciting story with the investment community. However, RIFCO is committed to the most important investor relations tool... profitability.

Building the Future

At the close of our first full year of operations we find our Company on solid footing and well positioned for continued strong performance in the future.

For 2004, RIFCO intends to focus on the following objectives in order to further the mission of becoming the primary provider of specialty finance plans for the automotive aftermarket:

- Increase geographic market area to include Manitoba, Ontario and Saskatchewan,
- Grow our Vehicle Purchase program through select dealer enrolments,

- Enhance RIFCO's market visibility in the automotive aftermarket industry,
- Launch additional specialty finance plans for enrolled Valued Repairers & Dealers including equipment leasing and commercial vehicle repair financing,
- Increase originations per enrolled location through continued training, promotion, and education programs,
- Continue to streamline credit processing functions,
- Relocate and expand RIFCO leased premises to facilitate increasing (national) credit processing capabilities,
- Introduce RIFCO RAPIDPAY direct deposit program to electronically remit funds to Valued Repairers/Dealer,
- Maintain credit and collection standards to maximize originations while minimizing credit losses.

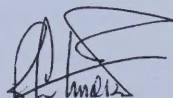
In addition, specific objectives to measure the Company's progress in 2004:

- Secure an additional \$2.5M of loan receivable funding (equity and/or debt)
- Double the size of the enrolled network to over 1,200 locations,
- Double annual loan originations to over \$4M,
- Double total loan receivables to over \$4M,
- Decrease average cost of borrowed funds,
- Achieve profitability on a monthly basis,
- See meaningful growth in the Company's stock price.

In summary, we will continue to build upon our foundation of fundamental business values. We remain passionately committed to the solid execution of our business plan and to our mission of becoming the primary provider of specialty finance plans to the automotive aftermarket.

I thank you for your participation and respectfully request your continued support.

We look forward to meeting with you to discuss this report and answer your questions at our Annual Meeting of Shareholders on September 12, 2003.



R.L. (Lee) Emerson
President & Chief Executive Officer

Management's Discussion and Analysis

Results of Operations

Repair Industry Finance Corporation reported a loss before income taxes of \$416,496 for the twelve-month period ended March 31, 2003, as compared to a loss of \$214,598 for the nine months ended March 31, 2002.

Revenues

The Company's revenues for the twelve-month period ended March 31, 2003 were \$408,460 compared to \$10,984 for the nine months ended March 31, 2002. This represents a 3,619% increase in revenue year over year. Revenues continue to increase with the growth in loan originations and finance receivables. The loan portfolio generates interest income along with loan origination fees and commissions. Collection activity also generates additional fee income.

Gross Profit

The Company's gross profit for the twelve-month period ended March 31, 2003 was \$205,836, compared to \$4,654 for the nine months ended March 31, 2002. Gross profit, as a percentage of sales, increased to 51.7% from 42.4% in the prior period an increase of 9.3%. The Company considers its cost of goods to be hard costs associated with loan originations and interest on debt. As volumes increase the Company's gross profit will be positively impacted by reduced borrowing costs as more senior debt is utilized.

Interest

The interest expense for the twelve-month period ended March 31, 2003 was \$80,947, compared to \$1,316 for the nine months ended March 31, 2002. The interest expense increased due to higher debt levels required to fund increased loan volumes. The average interest cost was 12.683% on an annualized basis. At year end the Company had a credit line of \$1,250,000 that was unused and bears an interest rate of Prime plus 1.7% (6.45% at March 31, 2003).

Provision for Credit Losses

The provision for credit losses for the twelve-month period ended March 31, 2003 totalled \$78,455, compared to \$3,952 for the nine months ended March 31, 2002. Of the \$78,455 in provisional expenses, \$69,606 was used to increase the allowance for credit losses recorded on the balance sheet, and \$8,849 was used to offset net portfolio losses. Actual credit losses include all collection costs & it should be noted that the Company received \$12,739 in NSF and collection fee income. Therefore, the Company's collection department became a profit center for the Company.

Operating Expense

The operating expenses for the twelve-month period ended March 31, 2003 totalled \$538,764, compared to \$152,618 for the nine months ended March 31, 2002.

Advertising and Promotion for the twelve-month period ended March 31, 2003 totalled \$74,126 of which 74.3% were expenses relating to providing our enrolled repairer network (606 sites) with RIFCO point of sale materials required to promote and conduct business. Within the last year we increased our enrolled network by 589 sites and reduced the cost of our point of sale material from \$85 to \$38 per site. In the nine months ended March 31, 2002 expenses consisted of \$50,951 in Advertising and Promotion and \$56,121 related to Research and Development.

Capital Assets purchased in the twelve-month period ended March 31, 2003 totalled \$39,199, which compare to \$38,142 in the prior nine months ended March 31, 2002. Asset purchases were office furniture, computer hardware and software.

General and Administrative expenses were \$183,636 for the twelve-months ended March 31, 2003, compared to \$47,759 for the nine months ended March 31, 2002. Growth in general & administrative expenses is a reflection of increased loan volumes and travel expenses for repairer enrolment. General Administrative expenses are comprised of Office & Telephone, Travel & Auto, Rental, Insurance, Amortization, and Professional Fees. Professional Fees represented \$53,888 or 29.3% of General & Administrative expenses which were made up of accounting, banking, and legal fees. These are higher than normal due to the cost of becoming a publicly traded Company.

Wages and benefits expenses totalled \$281,002 for the twelve-month period ended March 31, 2003, compared to \$53,908 in the nine-months ended March 31, 2002. In order to support the growth in its operations and finance receivables portfolio, the number of employees has increased from 2 at March 31, 2002 to 8 at March 31, 2003.

Asset Review

The Company's growth momentum continued during the twelve-month period ended March 31, 2003. Total assets increased by \$1,715,688 to \$2,157,517 at March 31, 2003, an increase of 388% over March 31, 2002. Non-producing intangible assets have increased by \$209,762 from \$60,745 at March 31, 2002 to \$270,507 at March 31, 2003. As a percentage of total assets, the non-producing assets have decreased 1.25% from 13.75% to 12.5%.

Reverse Takeover

During the year Repair Industry Finance Corporation entered into a reverse takeover agreement with RIFCO INC. (formerly Vista Investments Inc.) As at March 31, 2003, under the terms of the agreement the former shareholders of Repair Industry Finance Corporation obtained 76% of the outstanding shares of RIFCO INC. This transaction resulted in a net cash benefit to the Company of \$332,617.

Preferred Share Dividends

At the conclusion of the reverse takeover, Repair Industry Finance Corporation's preferred shares were converted to common shares, and, as required under the terms of the preferred share issue, an 8.0% dividend was paid for a total of \$17,200. Preferred shareholders were all at arms-length to the Company.

Enrolled Valued Repairer & Dealer Network

While the benefit of an increased network is not shown as an asset on the balance sheet, it should be noted that outlets offering our Convenient Payment Plan grew from 17 to 606 during the year.

Finance Receivables

Finance receivables are secured by motor vehicle assets and are registered at the applicable provincial property registry. As at March 31, 2003, the Company had 628 loans outstanding of which 5.1% were in arrears between 11-90 days with only one loan in the over 60 days delinquent category. Repair loans are offered at 27.8%, average \$2,000 at origination and are amortized over a 24 month term. Purchase loans average \$7,500 at origination, are amortized over a 36 month term and bear an interest rate of 27.8%. The Company's loan receivables are comprised of the Repair & Purchase loans which may be paid off at any time without penalty and have average monthly run off rates of 9% & 5.0% respectively. The increase in the size of the finance receivable portfolio is due to the Company's expansion of the repairer & dealer network offering our Convenient Payment Plan.

RIFCO finance receivables grew during the twelve-month period by \$1,392,136 or 1,761% to \$1,471,173. Funds advanced on finance receivables amounted to \$1,836,111 for the twelve-month period, compared to \$95,951 in the prior nine months. Loan originations are expected to increase proportionately with our geographic roll out and continual enrolment of new repairer/dealer outlets.

AUDITORS' REPORT

To the Shareholders of RIFCO Inc.

We have audited the consolidated balance sheet of RIFCO Inc. as at March 31, 2003 and March 31, 2002, the consolidated statements of loss, retained earnings and cash flows for the periods then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003 and March 31, 2002 and the results of its operations and its cash flows for the periods then ended in accordance with Canadian generally accepted accounting principles.



Red Deer, Alberta
June 3, 2003

CHARTERED ACCOUNTANTS

RIFCO INC.
(formerly Vista Investments Inc.)
Consolidated Statement of Loss
Year Ended March 31, 2003

	2003	2002 (9 months)
Financial revenue		
Loan fees	\$ 236,753	10,037
Loan interest	148,314	947
NSF and collection fees	<u>12,739</u>	<u>-</u>
	<u>397,806</u>	<u>10,984</u>
Financial expenses		
Financing fees and insurance	111,023	5,014
Interest	<u>80,947</u>	<u>1,316</u>
	<u>191,970</u>	<u>6,330</u>
Net financial income	<u>205,836</u>	<u>4,654</u>
Operating Expenses		
Wages and benefits	281,002	53,908
Professional fees	53,888	14,733
Promotion and advertising	74,126	50,951
Office and telephone	47,484	15,866
Travel and auto	44,901	6,397
Rental	17,081	6,420
Amortization	11,087	4,343
Insurance	<u>9,195</u>	<u>-</u>
	<u>538,764</u>	<u>152,618</u>
Loss before provision for credit losses and other income (expenses)	(332,928)	(147,964)
Provision for credit losses	<u>78,455</u>	<u>3,952</u>
Loss before other income (expenses)	(411,383)	(151,916)
Other income (note 13)	10,654	-
Finance fund raising costs	(15,767)	(6,561)
Development costs	<u>-</u>	<u>(56,121)</u>
Loss before income taxes	(416,496)	(214,598)
Future income tax recovery (note 14)	<u>179,500</u>	<u>34,500</u>
Net loss	\$ <u>(236,996)</u>	<u>(180,098)</u>

RIFCO INC.
(formerly Vista Investments Inc.)
Consolidated Statement of Deficit
Year Ended March 31, 2003

	2003	2002
Deficit, beginning of period	\$ (184,270)	-
Net loss	(236,996)	(180,098)
Dividends paid on preferred shares	(17,200)	(4,172)
Reverse takeover transaction costs (note 4)	<u>(18,515)</u>	<u>-</u>
Deficit, end of period	\$ <u>(456,981)</u>	<u>(184,270)</u>
Net loss per common share - basic and diluted (note 15)	\$ <u>(0.03)</u>	<u>(0.03)</u>

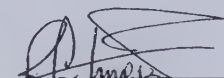
RIFCO INC.
(formerly Vista Investments Inc.)
Consolidated Balance Sheet
March 31, 2003

	2003	2002
ASSETS		
Cash	\$ 374,835	65,710
Accounts receivable	5,200	1,669
Share subscription receivable	-	202,777
Inventory of supplies	29,659	-
Prepaid expenses and deposits	18,791	2,045
Deferred financing costs	56,507	26,245
Finance receivables - net (note 5)	1,397,615	75,085
Furniture and equipment (note 7)	60,910	33,798
Future income taxes (note 14)	<u>214,000</u>	<u>34,500</u>
	\$ <u>2,157,517</u>	<u>441,829</u>
LIABILITIES		
Accounts payable and accruals	\$ 91,758	58,113
Unsecured debentures (note 9)	427,173	25,006
Convertible debenture (note 10)	999,000	-
Obligation under capital lease (note 11)	19,677	17,258
Due to shareholders	<u>-</u>	<u>24,964</u>
	<u>1,537,608</u>	<u>125,341</u>
SHAREHOLDERS' EQUITY		
Share capital (note 12)	1,076,890	500,758
Deficit	<u>(456,981)</u>	<u>(184,270)</u>
	<u>619,909</u>	<u>316,488</u>
	\$ <u>2,157,517</u>	<u>441,829</u>

Approved by the Board



Director



Director

RIFCO INC.
(formerly Vista Investments Inc.)
Consolidated Statement of Cash Flows
Year Ended March 31, 2003

	2003	2002 (9 months)
Cash Provided By (Used For)		
Operating activities		
Net loss for the year	\$ (236,996)	(180,098)
Add (deduct) items not affecting cash:		
Amortization	11,087	4,343
Provision for credit losses	69,607	3,952
Shares issued for services	5,000	7,229
Loan interest accrual	(23,704)	-
Future income tax recovery	(179,500)	(34,500)
Changes in non cash working capital (note 16)	<u>(46,553)</u>	<u>24,155</u>
	<u>(401,059)</u>	<u>(174,919)</u>
Investing activities		
Funds advanced on finance receivables	(1,836,111)	(95,951)
Principal collections on finance receivables	467,678	16,914
Purchase of furniture and equipment	<u>(38,199)</u>	<u>(38,142)</u>
	<u>(1,406,632)</u>	<u>(117,179)</u>
Financing activities		
Issuance of common shares	362,777	135,752
Issuance of preferred shares	60,000	155,000
Proceeds from unsecured debentures	402,167	25,006
Proceeds from convertible debenture	999,000	-
Proceeds from obligation under capital lease	8,023	17,323
Repayments of obligation under capital lease	(5,604)	(65)
Dividends paid on preferred shares	(17,200)	(4,172)
Advances from (to) shareholders	(24,964)	28,964
Cash acquired on reverse takeover	<u>332,617</u>	<u>-</u>
	<u>2,116,816</u>	<u>357,808</u>
Increase in cash	309,125	65,710
Cash, beginning of period	<u>65,710</u>	<u>-</u>
Cash, end of period	<u>\$ 374,835</u>	<u>65,710</u>

RIFCO INC.
(formerly Vista Investments Inc.)
Notes to Consolidated Financial Statements
March 31, 2003

1. Nature of Activities

RIFCO Inc., formerly Vista Investments Inc., was incorporated on December 1, 2000 under the Alberta Business Corporations Act and listed as a Capital Pool Company on the Canadian Venture Exchange since May 2001. Effective March 31, 2003, the company completed its Qualifying Transaction by acquiring the shares of Repair Industry Finance Corporation ("Corporation"). The company ceased to be a capital pool company and is now a speciality consumer loan corporation with a focus on the automotive aftermarket. The company finances automotive repairs and vehicle purchases.

2. Significant Accounting Policies

Consolidation

The consolidated financial statements include the accounts of RIFCO Inc. and its wholly owned subsidiary Repair Industry Finance Corporation. All significant intercompany transactions have been eliminated.

The acquisition of Repair Industry Finance Corporation was accounted for as a reverse takeover (see note 4). Under reverse takeover accounting, Repair Industry Finance Corporation was identified as the acquirer and for accounting purposes, the consolidated entity is considered to be a continuation of Repair Industry Finance Corporation with RIFCO Inc. consolidated from the date of completion of the transaction. The pre-transaction financial position, results of operations and cash flows of the consolidated entity presented are those of Repair Industry Finance Corporation.

Use of Estimates

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations which have been made using careful judgement. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policy.

RIFCO INC.
(formerly Vista Investments Inc.)
Notes to Consolidated Financial Statements
March 31, 2003

2. Significant Accounting Policies (Continued)

Financial Instruments

The Corporation's financial instruments consist of cash, accounts receivable, share subscription receivable, finance receivables, accounts payable and accruals, unsecured debentures, convertible debentures, obligation under capital lease and due to shareholders.

The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Corporation is subject to credit risk on the finance receivables in the event consumers are unable to meet the terms of the agreement. The risk is minimized by taking security against tangible assets and performing credit evaluations. The Corporation maintains a provision for loan losses however, the credit losses may be greater than those allowed for.

The Corporation is subject to interest rate price risk. The finance receivables, unsecured debentures, convertible debentures and obligation under capital lease bear interest at fixed rates and as such the value will fluctuate with a change in market rates.

Revenue Recognition

Interest income is recorded on an accrual basis. Fee income related to the origination of loans is recognized when the finance receivable is recorded.

Finance Receivables

Finance receivables are recorded at their principal amounts, including accrued interest, less allowance for credit losses.

Allowance For Credit Losses

The Corporation maintains an allowance for credit losses in an amount considered adequate to absorb credit losses existing in its finance receivables. The allowance is calculated at 5% of the finance receivables which is based on management's estimate as there has been no established history of losses at this time.

Furniture and Equipment

Furniture and equipment are recorded at cost. Amortization is provided on the declining balance basis over the estimated useful life of the assets. The annual rates of amortization are as follows:

Furniture and equipment	20%
Computer hardware and software	30%

Amortization is recorded at one half of the above rates in the year of acquisition.

RIFCO INC.
(formerly Vista Investments Inc.)
Notes to Consolidated Financial Statements
March 31, 2003

2. Significant Accounting Policies (Continued)

Income Taxes

Income taxes are calculated using the future income tax method. This method measures all future tax obligations associated with major asset and liability categories. The income tax assets or liabilities are measured using the income tax rate and laws that have been enacted as at the balance sheet date.

Deferred Financing Costs

The costs of obtaining long-term financing are deferred and amortized to finance fund raising costs on a straight line basis over five years.

Stock Options

The Corporation has chosen to recognize no compensation expense when stock options are granted to employees and directors under stock option plans with no cash settlement features. However, direct awards of stock to employees and stock and stock option awards granted to non-employees have been accounted for in accordance with the fair value method of accounting for stock based compensation. The fair value of direct awards of stock are determined by the quoted market price of the Corporation's stock and the fair value of stock options are determined using the Black Scholes option pricing model. The Corporation will disclose the pro-forma net earnings and the pro-forma earnings per share resulting using the fair value method for employee stock options, under which compensation expense is recorded based on the estimated fair value of the options (see note 12).

3. Change in Accounting Policy

Effective April 1, 2002 the Corporation adopted CICA 3870 Stock-based Compensation and Other Stock-based payments. As permitted by CICA 3870 the Corporation has applied this change prospectively for new awards granted on or after April 1, 2002. The Corporation has chosen to recognize no compensation expense when stock options are granted to employees and directors under stock option plans with no cash settlement features. However, direct awards of stock to employees and stock and stock option awards granted to non-employees will be accounted for in accordance with the fair value method of accounting for stock based compensation. The fair value of direct awards of stock are determined by the quoted market price of the Corporation's stock and the fair value of stock options are determined using the Black Scholes option pricing model. In periods prior to April 1, 2002, the Corporation recognized no compensation expense when stock or stock options were issued.

RIFCO INC.
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Notes to Consolidated Financial Statements
March 31, 2003

4. Reverse Takeover

During the year Repair Industry Finance Corporation entered into a reverse takeover agreement with RIFCO Inc. As at March 31, 2003, under the terms of the agreement, RIFCO Inc. issued 7,959,608 common shares for all the issued and outstanding shares of Repair Industry Finance Corporation (7,673,013 common shares and 215,000 preferred shares). This resulted in the former shareholders of Repair Industry Finance Corporation obtaining 76% of the outstanding shares of RIFCO Inc. The acquisition was accounted for as a reverse takeover that does not constitute a business combination. For purposes of accounting for this transaction, Repair Industry Finance Corporation is treated as the acquirer and RIFCO Inc. the acquiree. The net assets of RIFCO Inc. consisted of share capital of \$486,830 and a deficit of \$135,698 for a total of \$351,132 which has been credited to the share capital of the consolidated company. Transaction costs incurred by RIFCO Inc. of \$18,515 have been included as a charge to retained earnings of the consolidated company.

5. Finance Receivables - net	2003	2002
Principal of finance receivables	\$ 1,447,469	79,037
Accrued interest	<u>23,704</u>	<u>-</u>
Finance receivables	1,471,173	79,037
Less: allowance for credit losses (note 6)	<u>(73,558)</u>	<u>(3,952)</u>
Finance receivables - net	\$ <u>1,397,615</u>	<u>75,085</u>

As the timing of the cash flows are not certain, the Corporation is not able to provide fair value information surrounding these financial instruments.

6. Allowance for Credit Losses	2003	2002
Allowance, beginning of period	\$ 3,952	-
Provision for credit losses	78,455	3,952
Write-offs	<u>(8,849)</u>	<u>-</u>
Allowance, end of period	\$ <u>73,558</u>	<u>3,952</u>

RIFCO INC.
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Notes to Consolidated Financial Statements
March 31, 2003

7. Furniture and Equipment

2003

2002

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 40,685	5,911	34,774	24,802
Computer hardware	24,250	5,416	18,834	5,928
Computer software	<u>9,673</u>	<u>2,371</u>	<u>7,302</u>	<u>3,068</u>
	<u>\$ 74,608</u>	<u>13,698</u>	<u>60,910</u>	<u>33,798</u>

Furniture and equipment includes \$23,615 (accumulated amortization - \$2,361) of equipment held under capital lease (2002 net book value - \$15,591).

8. Line of Credit

The Corporation has a \$1,250,000 line of credit with an interest rate of prime plus 1.7%. The line of credit is not utilized at year end.

9. Unsecured Debentures

The debentures are unsecured, with no maturity date and bear interest at 1% per month. The debt may be redeemed by the Corporation with 30 days notice. The debt may be retracted by the debt holder with 90 days notice.

The Corporation committed to a 36 month term on \$300,000 which expires on March 28, 2006. The debt may be retracted by the debt holder with 90 days notice. It is understood that debentures are postponed and subordinated in favor of the registered senior debt and debenture lenders. Redemption requests are subject to the approval of the registered senior debt holder whose consent will not be unreasonably withheld.

As the timing of the cash flows are not certain, the Corporation is not able to provide fair value information surrounding these financial instruments.

RIFCO INC.
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Notes to Consolidated Financial Statements
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10. Convertible Debenture

The convertible debenture matures on May 31, 2006 and is convertible, at the option of the holder, to common shares at a conversion price of \$0.75 per share. The debentures are secured by a general security agreement and bear interest at 1% per month.

The agreement with the lender provides for a maximum \$1,000,000 of convertible debenture at which time the debenture holder will be issued 100,000 warrants to acquire common shares at \$0.65 per share. On May 31, 2003 the remaining \$1,000 of funding was raised through the convertible debenture.

As the timing of the cash flows are not certain, the Corporation is not able to provide fair value information surrounding these financial instruments.

11. Obligation Under Capital Lease

2003

2002

Obligations related to leased office equipment, payable in monthly instalments of \$ 659, final instalment due on January 31, 2006.

\$ 19,677

17,258

Minimum lease payments due in the next three years are as follows:

2004	\$ 7,909
2005	7,909
2006	<u>6,591</u>

22,409

Amount representing interest at 9%

2,732

\$ 19,677

RIFCO INC.
(formerly Vista Investments Inc.)
Notes to Consolidated Financial Statements
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12. Share Capital

Authorized:

Unlimited number of common shares
 Unlimited number of preferred shares

Issued

Common shares

	<u>Number</u>	<u>Amount</u>
<u>Repair Industry Finance Corporation</u>		
Balance at incorporation	-	-
Shares issued for cash in 2002	7,344,344	\$ 264,258
Shares issued for services in 2002	<u>28,667</u>	<u>21,500</u>
Balance at March 31, 2002	7,373,011	285,758
Shares issued for cash in 2003	293,336	220,000
Shares issued for services in 2003	<u>6,666</u>	<u>5,000</u>
Share capital of Repair Industry Finance Corporation before reverse takeover	<u>7,673,013</u>	<u>\$ 510,758</u>
<u>Effect of Reverse Takeover</u>		
Shares issued of RIFCO Inc. before reverse takeover	5,025,000	486,830
Two for one consolidation	(2,512,500)	-
Shares issued on reverse takeover		
Common shares	7,673,013	510,758
Preferred shares	286,595	215,000
Elimination of RIFCO Inc. deficit	<u>-</u>	<u>(135,698)</u>
Balance at March 31, 2003	<u>10,472,108</u>	<u>\$ 1,076,890</u>

Under reverse takeover accounting, the share capital is presented as if the consolidated financial statements are a continuation of the legal subsidiary, Repair Industry Finance Corporation. The capital structure, however, reflects that of the legal parent.

Preferred Shares

Repair Industry Finance Corporation had \$215,000 of preferred shares outstanding at March 31, 2002 which were redeemed March 31, 2003.

RIFCO INC.
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Notes to Consolidated Financial Statements
March 31, 2003

12. Share Capital (Continued)

Stock Options

At March 31, 2002, Repair Industry Finance Corporation had 700,000 options outstanding with a weighted average exercise price of \$0.61. These options were cancelled upon completion of the reverse takeover March 31, 2003.

Prior to the reverse takeover, RIFCO Inc. had 500,000 outstanding options issued to directors which were granted May 30, 2001 at \$0.15 with an expiry date of May 30, 2006 or on that date which is 90 days after the director ceases to be a director of the Corporation. Upon completion of the reverse takeover, these options were consolidated on a two-for-one basis (250,000 options, \$0.30). 87,500 of those options will expire June 30, 2003 as a result of persons ceasing to be a director of the Corporation.

Subsequent to the year end, the Corporation issued 700,000 options to directors at a price of \$0.65.

Stock - Based Compensation Plan

No compensation expense is recorded in the current year relating to the Corporation's stock option plans.

The Corporation has not issued any options between April 1, 2002 and March 31, 2003 and therefore no disclosure on the impact on earnings and earnings per share has been presented if the fair value based method of accounting for stock-based compensation had been adopted.

Escrow Shares

At March 31, 2003, there are 8,312,514 shares which are subject to a TSX Venture Exchange Tier 2 Surplus Security escrow agreement.

13. Other income	2003	2002
Consulting	\$ 5,700	-
Bank interest	<u>4,954</u>	<u>-</u>
	\$ <u>10,654</u>	<u>-</u>

RIFCO INC.
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Notes to Consolidated Financial Statements
March 31, 2003

14. Income Taxes	2003	2002
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The income tax benefit differs from the amount computed by applying the Canadian federal statutory tax rates to the loss before income taxes for the following reasons:

Tax benefit at Canadian statutory rate		
of 34.62% (2002 - 16.12%)	\$ (144,191)	(38,885)
Non-taxable costs	4,285	93
Effect of future tax rate reductions	<u>(39,594)</u>	<u>4,292</u>
Income tax benefit	\$ <u>(179,500)</u>	<u>(34,500)</u>

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The components of future tax assets are as follows:

Difference in book and tax basis for equipment	\$ (1,524)	346
Loan loss provision reserve	25,466	-
Loss carryforwards	<u>190,058</u>	<u>34,154</u>
	\$ <u>214,000</u>	<u>34,500</u>

15. Net Loss Per Common Share

The net loss per common share has been calculated based on the weighted average number of common shares outstanding for the period ended March 31, 2003 of 7,870,437 (March 31, 2002 - 5,997,572). Under reverse takeover accounting, the weighted average number of common shares is affected by the number of shares issued to complete the reverse takeover. Diluted earnings per share is calculated taking into consideration the potentially dilutive effect of the exercising of share options and conversion of the convertible debenture. Diluted earnings per share is equal to basic earnings per share as the effect of the share options and convertible debenture is not dilutive.

RIFCO INC.
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Notes to Consolidated Financial Statements
March 31, 2003

16. Changes in Non-Cash Working Capital	2003	2002
Accounts receivable	\$ (3,531)	(1,669)
Inventory of supplies	(29,659)	-
Prepaid expenses and deposits	(16,746)	(2,045)
Deferred financing costs	(30,262)	(26,245)
Accounts payable and accruals	<u>33,645</u>	<u>54,114</u>
	\$ <u>(46,553)</u>	<u>24,155</u>

17. Related Party Transactions

During the period, the Corporation contracted to pay \$35,674 for finance fund raising commissions (March 31, 2002 - \$34,006, \$32,806 of which is included in March 31, 2002 accounts payable) to a company owned by a shareholder of the Corporation.

This transaction is in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

18. Commitment

The Corporation has entered into a lease commitment for its business premises until August 31, 2003 with monthly payments of \$1,187.

The Corporation has contracts with its four members of management for 3 year terms, effective dates between November 2001 to June 2002. Under the terms of the contract, each member of management is paid \$60,000 in years one and two and \$72,000 in year three.

19. Segmented Information

The Corporation operates in Canada and has one operating segment. The accounting policies of the segment are the same as those described in the summary of significant accounting policies.

RIFCO INC.
(formerly Vista Investments Inc.)
Notes to Consolidated Financial Statements
March 31, 2003

20. Pre - Incorporation Costs

Included in these financial statements are \$56,121 of development expenses incurred by shareholders prior to the incorporation of the Corporation and expensed in the period ending March 31, 2002.

21. Comparative Amounts

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

22. Change in Auditor

There has been a change in auditor for RIFCO Inc. since the last financial statements were filed.

RIFCO INC.
(formerly Vista Investments Inc.)
Notes to Consolidated Financial Statements
March 31, 2003

23. Financial Information for RIFCO Inc.

The last financial statements filed for RIFCO Inc. were December 31, 2002. The operations for the period between that and the date of the reverse takeover, March 31, 2003 are as follows:

Statement of Loss

Interest income	\$ <u>1,262</u>
Expenses	
Trust and filings	6,577
Office and communications	3,609
Interest and bank charges	67
Professional fees	<u>(1,694)</u>
	<u>8,559</u>
Net loss	\$ <u><u>(7,297)</u></u>

Balance Sheet

Cash	\$ 5,198
Term deposits	200,074
Cash on deposit with lawyer	2,345
Advance to Repair Industry Finance Corporation	125,000
Transaction costs	<u>18,515</u>
	\$ <u><u>351,132</u></u>
Share capital	\$ 486,830
Deficit	<u>(135,698)</u>
	\$ <u><u>351,132</u></u>

Statement of Cash Flows

Operating Activities

Net loss for the period	\$ (7,297)
Changes in non cash working capital	<u>(39,669)</u>
	<u>(46,966)</u>
Decrease in cash	(46,966)
Cash and cash equivalents, beginning of period	<u>254,583</u>
Cash and cash equivalents, end of period	\$ <u><u>207,617</u></u>

Shareholder Information

Directors

R. Lee Emerson
Chairman of the Board, President & Chief Executive
Officer, RIFCO INC.

Lance A. Kadatz
Vice President, Chief Financial Officer, RIFCO INC.

William R. Graham
Vice President, Chief Operating Officer, RIFCO INC.

James E. Zakowsky
Vice President, Chief Marketing Officer, RIFCO INC.

E. Bruce Phillips
Business Consultant

William Crawford
Owner, Thomas Holdings Ltd.

Executive Management Team

R. Lee Emerson
Chairman of the Board, President & Chief Executive
Officer

Lance A. Kadatz
Vice President, Chief Financial Officer

William R. Graham
Vice President, Chief Operating Officer

James E. Zakowsky
Vice President, Chief Marketing Officer

Corporate Headquarters

#2, 4664 Riverside Drive
Red Deer, Alberta T4N 6Y5
Canada
Phone: (403) 314-1288
Fax: (403) 314-1132

Annual Meeting

The annual meeting of the Company will be held on September 12, 2003, at 2:00 PM at the North Hill Inn, 7150 - 50th Ave., Red Deer, Alberta. All shareholders are cordially invited to attend.

Investor Relations Information

For financial/investment data and general information about RIFCO contact:

Lance A. Kadatz, Chief Financial Officer
Toll Free Phone 1-888-303-2001
Toll Free Fax 1-888-303-2181
Email: kadatz@rifco.net
Web site: www.rifco.net

Registrar and Transfer Agent

Computershare Trust Company of Canada
600, 530 - 8th Avenue S.W.
Calgary, Alberta T2P 3S8
Canada

Auditors

Collins Barrow
Chartered Accountants & Consultants
300, 5010 - 43 Street
Red Deer, Alberta T4N 6H2
Canada

Legal Counsel

McLeod & Company LLP
3rd Floor, 14505 Bannister Road S.E.
Calgary, Alberta T2X 3J3
Canada



Lance Kadatz, Chief Financial Officer, Lee Emerson, President and Chief Executive Officer, Bill Graham, Chief Operating Officer, Linda Hohol, President TSX Venture Exchange, Jim Zakowsky, Chief Marketing Officer.
Presentation of RIFCO INC. listing certificate on June 26, 2003



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